

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 OIC-02 L-03 FRB-03 OMB-01

TAR-01 SP-02 AGR-05 AID-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SIL-01 STR-04 TRSE-00 CIEP-01 CEA-01

INT-05 AF-06 ARA-06 EA-06 NEA-10 /103 W

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FM USMISSION GENEVA

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INFO AMEMBASSY LONDON

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EMIN, UNCTAD

SUBJECT: TIN CONFERENCE: SUPPLEMENTAL BUFFER STOCK FINANCING

1. TIN CONFERENCE SUCRETARIAT HAS CIRCULATED TEXT OF LETTER DATED MAY 16 FROM BURKE KNAPP (VP OF IBRD) TO HAROLD ALLEN (EXEC CHAIRMAN OF ITC) CONCERNING A PROPOSAL UNDER CONSIDERATION BY IBRD FOR A LOAN TO ITC TO PROVIDE ADDITIONAL FUNDS FOR BUFFER STOCK OPERATIONS UNDER FOURTH TIN AGREEMENT.

2. LETTER STATES THAT LOAN SHOULD SERVE TO REDUCE FINANCIAL BURDEN ON DEVELOPING CPODUCING COUNTRIES, BUT WOULD BE MADE TO ITC RATHER THAN MEMBER COUNTRIES. IT THEN STIPULATES THAT QUOTE "IN THIS CASE, WE WOULD STILL REGARD THE LOAN AS DIVIDED CONCEPTUALLY INTO PORTIONS ATTRIBUTABLE TO THE VARIOUS ELIGIBLE COUNTRIES THAT DESIRED TO PARTICIPATE IN THE ARRANGEMENT. THESE COUNTRIES WOULD BE EXPECTED TO SHARE PROPORTIONATELY IN THE NECESSARY GUARANTEES OF THE LOAN, AND THEIR PROVISION OF THESE GUARANTEES WOULD SERVE TO REDUCE CORRESPONDINGLY THEIR OBLIGATION TO MAKE A DIRECT CONTRIBUTION TOWARD FINANCING THE TIN

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BUFFER STOCK. END QUOTE.

3. EFFECT OF SUCH ARRANGEMENT WOULD BE THAT LDC PRODUCERS WOULD BE RELIEVED OF OBLIGATION TO MAKE DIRECT CONTRIBUTION TO BUFFER STOCK TO THE EXTENT OF THEIR SHARE IN GUARANTEEING IBRD LOAN, WITH GOOD EXPECTATION OF NEVER HAVING TO MAKE GOOD ON GUARANTEE SINCE FIRST RECOURSE WOULD BE TO ITC TIN STOCKS OR CASH EQUIVALENT. BUFFER STOCK WOULD BE AUGMENTED ONLY TO EXTENT THAT QUATE ELIGIBLE COUNTRIES WOULD NOT OTHERWISE BE ABLE TO MEET COMMITMENT UNDER TIN AGREEMENT FOR CONTRIBUTION. UNQUOTE. THIS SEEMS TO DUPLICATE EXISTING IMF BUFFER STOCK FACILITY.

4. LETTER ALSO STATES QUOTE WE HOPE THAT AN EVENTUAL LOAN FROM THE BANK MIGHT HELP TO ATTRACT FUNDS FROM OTHER NATIONAL OR INTERNATIONAL SOURCES; IN PARTICULAR WE WOULD HOPE AND EXPECT THAT AN IMPORTANT SHARE OF THE FINANCING OF THE TIN BUFFER STOCK WOULD COME FROM THE CONSUMING MEMBERS OF THE INTERNATIONAL TIN COUNCIL. END QUOTE.

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
**Draft Date:** 29 MAY 1975  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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**To:** STATE  
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